

SIGMA MINES (QUEBEC) LIMITED

(No Personal Liability)

Report to Shareholders

For the Financial Year Ended December 31

1973

SIGMA MINES (QUEBEC) LIMITED
(No Personal Liability)

INTERIM STATEMENT OF EARNINGS
 (subject to audit and year end adjustments)

	Six months ended June 30	
	<u>1973</u>	<u>1972</u>
Tons milled	259,461	259,550
Cold - fine ounces	<u>37,588</u>	<u>42,124</u>
*Bullion revenue	<u>\$ 3,820,336</u>	<u>\$ 2,227,791</u>
Operating costs - 1973 - \$9.86 per ton; 1972 - \$7.52 per ton (includes shaft sinking expenditures 1973 - \$173,311; 1972 - \$90,000)	<u>2,558,562</u>	<u>1,952,884</u>
	<u>1,261,774</u>	<u>274,907</u>
Deduct:		
Provision for depreciation	42,000	43,800
Provision for tax under the Quebec Mining Duties Act	<u>113,000</u>	<u>14,700</u>
	<u>155,000</u>	<u>58,500</u>
Operating profit	1,106,774	216,407
Add:		
Interest on Dome Petroleum Limited income debentures	20,942	25,000
Other interest, etc.	<u>71,663</u>	<u>38,689</u>
	<u>1,199,379</u>	<u>280,096</u>
Deduct outside exploration expenses	<u>36,485</u>	<u>33,000</u>
Income before income taxes	1,162,894	247,096
Provision for income taxes	<u>344,500</u>	
Net income for the period	<u>\$ 818,394</u>	<u>\$ 247,096</u>
Per share	<u>\$ 0.82</u>	<u>\$ 0.25</u>

*Revenue has increased due to a higher price for gold, notwithstanding treatment of a moderately lower grade of ore.

RBH

July 12, 1973

SIGMA MINES (QUEBEC) LIMITED
 (No Personal Liability)

STATEMENT OF CHANGES IN FINANCIAL POSITION
 (subject to audit and year end adjustments)

	Six months ended June 30	
	<u>1973</u>	<u>1972</u>
Source of working capital:		
Operations -		
Net income for the period	\$ 818,394	\$ 247,096
Depreciation	<u>42,000</u>	<u>43,800</u>
	860,394	290,896
Disposition of working capital:		
Dividends	200,000	100,000
Expenditures on capital assets (net)	16,840	12,343
Increase in other investments	<u>12,515</u>	
	229,355	112,343
Net increase in working capital for the period	\$ 631,039	\$ 178,553

RBH
 July 12, 1973

SIGMA MINES (QUEBEC) LIMITED

(No Personal Liability)

Report to Shareholders

For the Financial Year Ended December 31

1973

ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS

will be held

at 10:00 o'clock a.m. (Montreal time)

Tuesday, April 30, 1974,

WINDSOR HOTEL,

Montreal, Quebec

SIGMA MINES (QUEBEC) LIMITED

(No Personal Liability)

(Incorporated under the laws of Quebec)

HEAD OFFICE AND LOCATION OF MINE

Township of Bourlamaque, County of Abitibi, Province of Quebec
(Post Office: Val d'Or, Quebec, Canada)

ADDRESS OF THE CHAIRMAN OF THE BOARD

40 Wall Street, New York, N.Y. 10005

ADDRESS OF THE PRESIDENT

365 Bay Street, Suite 600, Toronto, Ont. M5H 2V4

ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre, Toronto, Ont. M5K 1C1

REGISTRAR AND TRANSFER AGENT

Canada Permanent Trust Company
320 Bay Street, Toronto, Ont. M5H 2P6, and
600 Dorchester Blvd. West, Montreal, Que. H3B 1N6

DIRECTORS

Clifford W. Michel	.....	New York, N.Y.
James B. Redpath	.....	Toronto, Ont.
Bryce R. MacKenzie	.....	Toronto, Ont.
Fraser M. Fell	.....	Toronto, Ont.
Kenneth D. Watson	.....	Pacific Palisades, Calif.
Charles P. Girdwood	.....	Prescott, Ont.
John H. Hough	.....	Toronto, Ont.

OFFICERS

Chairman of the Board	.....	Clifford W. Michel
President	.....	James B. Redpath
Secretary	.....	Fraser M. Fell
Treasurer	.....	Edmund J. Andrecheck
Assistant Secretary	.....	John H. Hough
General Manager	.....	Malcolm A. Taschereau
General Superintendent	.....	Gordon Michaelson

AUDITORS

Clarkson, Gordon & Co., Toronto, Ont. M5K 1J7

GENERAL COUNSEL

Fasken & Calvin

Box 30, Toronto-Dominion Centre, Toronto, Ont. M5K 1C1

SIGMA MINES (QUEBEC) LIMITED
(NO PERSONAL LIABILITY)

COMPARATIVE SUMMARY

	<u>1973</u>	<u>1972</u>
Tonnage Milled	521,006	519,553
Ounces Gold Produced	78,203	85,614
Average Price realized per ounce on sales during the year	\$97.58	\$56.96
Value of Bullion	\$8,131,448	\$5,050,763
Operating Costs	\$5,293,681	\$4,001,574
Net Income	\$1,815,877	\$ 801,929
Income per share before extraordinary item	\$1.82	\$0.67
Net Income per share	\$1.82	\$0.80
Current Assets	\$5,694,372	\$3,381,045
Current Liabilities	\$1,663,125	\$ 648,219
Working Capital	\$4,031,247	\$2,732,826
Number of Shareholders — December 31	488	536
Dividends Declared	\$ 500,000	\$ 300,000
Dividends declared per share	\$0.50	\$0.30
Shares Issued	1,000,000	1,000,000

REPORT OF THE DIRECTORS

of

Sigma Mines (Quebec) Limited

(No Personal Liability)

(For the Financial Year Ended December 31, 1973)

Toronto, Ontario,
February 25, 1974.

To the Shareholders of
Sigma Mines (Quebec) Limited:

Your Directors herewith submit the Company's balance sheet and statements of income, earned surplus and changes in financial position, together with the Report of the Auditors thereon and the Report of the General Manager, covering the financial year ended December 31, 1973.

The gross production for 1973 was 78,203 ounces of gold as compared with 85,614 ounces for 1972.

The operating profit before deducting depreciation, tax under the Quebec Mining Duties Act, outside exploration expenses and provision for income taxes was \$2,837,767. The non-operating revenue amounted to \$242,391. These combined gave a total of \$3,080,158. Depreciation and amortization amounted to \$88,485. Outside exploration expenses amounted to \$100,796 leaving profits of \$2,890,877 before Federal and Provincial taxes. After providing \$242,000 for Provincial mining tax and \$833,000 for income taxes, net income was \$1,815,877 compared with \$801,929 a year ago, which included an extraordinary item of \$127,000.

Enhanced gold prices resulted in total revenue and net profit at an historical high for the mine notwithstanding an increase in unit operating costs by 31.9% and a decrease in the grade of ore milled by 8.1%.

All production for the year was sold on the free market, the average price obtained for gold sales being \$97.58 per ounce. This compares with an average price per ounce of \$56.96 received in 1972.

Increased revenue due to higher gold prices allowed a lower grade of ore to be mined which in the long term prolongs the life of the mine.

During the year the \$1 million of Subordinated Income Debentures of Dome Petroleum Limited held by your Company were converted into 35,637 common shares of that company at the conversion price of \$28.06 per share. Dome Petroleum had a very satisfactory year with audited financial statements showing a cash flow of \$27 million and net income estimated at \$20.2 million, an increase of 83% over the preceding year, as the large capital investments of the last few years commenced to show substantial returns.

Additional interest in oil exploration is given by your Company's participation in Panarctic Oils Ltd., which continues to expand its gas reserves in the Arctic Archipelago.

SIGMA MINES (QUEBEC) LIMITED
(NO PERSONAL LIABILITY)

Your Company continued to participate with the parent company, Dome Mines Limited and affiliated companies, Campbell Red Lake Mines Limited and Dome Petroleum Limited in a mineral exploration program conducted by Dome Exploration (Canada) Limited. Your Company's share in this is 6% of all projects initiated from January 1, 1969. Details of the exploration program appear on page thirteen of this report.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"It is obvious that the free market price of gold and the world market price of oil and gas established by the Mideastern producers impact heavily on our Company's present and future earning power. Last year in mid-February the United States Government for the second time within two years officially devalued the U.S. dollar, in terms of gold and the then existing currency parities with its major trading partners. Historically, with devaluation, new fixed parities are re-established but on this occasion the United States did not do so, but permitted its currency to continue to float freely against all others. When the initial direction of this float continued in a downward course from the apparent amount of the official devaluation, it created a crisis of confidence in paper currencies and it appeared to many that gold was once again the ultimate store of value. In this atmosphere the price of gold, which had opened the year at the \$65 per ounce level, rose rapidly in June to over \$126 per ounce. Concurrently, the Arab world noting that the dollars it was receiving for oil had less buying power, and sensing that the balance of power in the supply of oil had passed to them, took the occasion to triple the price of crude oil. These events, plus the Israeli War, touched off a second stage of the rise in the price of gold and it moved up from a level of \$112 per ounce at the end of 1973 to approximately \$169 per ounce where it is at this writing. If the Arab policy of escalation of crude oil pricing is not modified, there will be a readjustment of such magnitude in the holdings of the world's monetary reserves in their favor to the detriment of Europe, Japan, and the United States, as to make any forecast about orderly international monetary relationships and hence the price of gold all but impossible. An interesting idea has recently been advanced by a prominent United States Economist — simply stated it is, that the overhang of non-convertible dollars in the hands of European central banks, created by the U.S. Balance of Payments deficits for a decade, might now be eliminated by making the surplus dollars exchangeable for gold or SDRs marked up to the free market price of gold. This intriguing concept will probably have to wait until it is learned just how the Arab nations' rapidly growing monetary reserves are recycled into the world monetary system, and how soon the Western world can develop alternate sources of energy to lessen its dependence on Middle Eastern crude."

Your Directors record their appreciation of the planning and supervision of the management and staff and for the continued loyal and co-operative services of all employees.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

SIGMA MINES (Q)

(No Person
(Incorporated und

BALANCE SHEET

(with comparative figures)

ASSETS

Current Assets:

	1973	1972
Cash, including bank term deposits	\$ 980,861	\$ 855,221
Bullion on hand and in transit, at estimated net realizable value	857,344	595,258
Short term commercial paper, at cost	2,890,249	1,000,000
Government of Canada bonds, at cost (quoted market value 1973 — \$301,000; 1972 — \$312,000)	350,000	350,000
Accrued interest and sundry accounts receivable	76,881	47,114
Mining and milling supplies, at cost	532,306	525,035
Prepaid expenses	6,731	8,417
	<u>5,694,372</u>	<u>3,381,045</u>
Investment (note 2):	1,060,068	1,000,001

Capital Assets:

Buildings, machinery and equipment, at cost	4,643,829	4,645,395
Less accumulated depreciation	4,390,676	4,353,451
	<u>253,153</u>	<u>291,944</u>
Mining claims and properties, at nominal value	1	1
Leasehold properties, at cost less amounts written off	17,680	21,500
	<u>270,834</u>	<u>313,445</u>
	<u><u>\$7,025,274</u></u>	<u><u>\$4,694,491</u></u>

(See accompanying notes)

AUDITORS

To the Shareholders of
Sigma Mines (Quebec) Limited:

We have examined the balance sheet of Sigma Mines (Quebec) Limited as at December 31, 1973 and the related statements of income, earned surplus and changes in financial position for the year then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

UEBEC) LIMITED

liability)

the laws of Quebec)

DECEMBER 31, 1973

at December 31, 1972)

LIABILITIES

Current Liabilities:	1973	1972
Salaries and wages payable	\$ 189,094	\$ 147,118
Accounts payable	190,661	169,303
Accrued charges	87,511	22,194
Accrued taxes	895,859	109,604
Dividends payable	300,000	200,000
	1,663,125	648,219

Capital and Surplus:

Capital authorized and issued —		
1,000,000 shares of \$1 par value	1,000,000	1,000,000
Earned surplus	4,362,149	3,046,272
	<hr/>	<hr/>
	5,362,149	4,046,272

On behalf of the Board:

J. B. REDPATH, Director.

F. M. FELL, Director.

\$7,025,274 \$4,694,491

\$4,694,491

financial statements)

REPORT

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements present fairly the financial position of Sigma Mines (Quebec) Limited as at December 31, 1973 and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles which, except for the adoption of an amortization policy for leasehold properties as referred to in note 1, have been applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 1, 1974.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Sigma Mines (Quebec) Limited

(No Personal Liability)

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1973 (with comparative figures for the year 1972)

	1973	1972
Revenue:		
Bullion	<u>\$8,131,448</u>	<u>\$5,050,763</u>
Expenditures:		
Development (includes shaft sinking expenditures; 1973 — \$303,805; 1972 — \$148,410)	904,141	549,912
Mining	<u>3,149,371</u>	<u>2,431,001</u>
Milling	786,148	649,668
Refining and marketing	35,941	25,433
General and administrative	<u>371,375</u>	<u>309,747</u>
Taxes other than income	46,705	35,813
	<u>5,293,681</u>	<u>4,001,574</u>
	<u>2,837,767</u>	<u>1,049,189</u>
Deduct:		
Provision for depreciation and amortization	88,485	87,578
Provision for tax under the Quebec Mining Duties Act	<u>242,000</u>	<u>73,500</u>
	<u>330,485</u>	<u>161,078</u>
Operating profit	<u>2,507,282</u>	<u>888,111</u>
Add:		
Interest on Dome Petroleum Limited income debentures (note 2)	20,942	50,000
Other interest, etc.	<u>187,449</u>	<u>102,569</u>
	<u>2,715,673</u>	<u>1,040,680</u>
Deduct outside exploration expenses	<u>100,796</u>	<u>81,751</u>
Income before income taxes and other items	<u>2,614,877</u>	<u>958,929</u>
Provision for income taxes	<u>833,000</u>	<u>284,000</u>
	<u>1,781,877</u>	<u>674,929</u>
Equity in earnings of affiliated company (note 2)	<u>34,000</u>	
Income before extraordinary item	<u>1,815,877</u>	<u>674,929</u>
Extraordinary item — reduction in income taxes resulting from carry-forward of prior years' write-offs		127,000
Net income for the year	<u><u>\$1,815,877</u></u>	<u><u>\$ 801,929</u></u>
Per share:		
Income before extraordinary item	<u><u>\$ 1.82</u></u>	<u><u>\$ 0.67</u></u>
Net income for the year	<u><u>\$ 1.82</u></u>	<u><u>\$ 0.80</u></u>

(See accompanying notes to financial statements)

Sigma Mines (Quebec) Limited

(No Personal Liability)

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1973 (with comparative figures for the year 1972)

Source of working capital:	1973	1972
Operations —		
Income before extraordinary item	\$1,815,877	\$ 674,929
Items not affecting working capital —		
Depreciation and amortization	88,485	87,578
Equity in undistributed earnings of affiliated company (note 2) ..	(34,000)	—
	1,870,362	762,507
Extraordinary item — reduction in income taxes		127,000
Total	1,870,362	889,507
Disposition of working capital:		
Dividends	500,000	300,000
Expenditures on capital assets (net)	45,874	40,276
Increase in other investments	26,067	
Total	571,941	340,276
Net increase in working capital for the year	\$1,298,421	\$ 549,231
Changes in components of working capital:		
Increase (decrease) in current assets —		
Cash	\$ 125,640	\$ 431,196
Bullion	262,086	199,134
Short term commercial paper	1,890,249	201,109
Government of Canada bonds		100,000
Accrued interest and sundry accounts receivable	29,767	(181,038)
Mining and milling supplies	7,271	59,854
Deposits and prepaid expenses	(1,686)	(8,455)
	2,313,327	801,800
Increase in current liabilities —		
Salaries and wages payable	41,976	25,122
Accounts payable	21,358	9,281
Accrued charges	65,317	15,919
Accrued taxes	786,255	102,247
Dividends payable	100,000	100,000
	1,014,906	252,569
Net increase in working capital for the year	1,298,421	549,231
Working capital, beginning of the year	2,732,826	2,183,595
Working capital, end of the year	\$4,031,247	\$2,732,826

(See accompanying notes to financial statements)

Sigma Mines (Quebec) Limited

(No Personal Liability)

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1973 (with comparative figures for the year 1972)

	1973	1972
Balance, beginning of the year	\$3,046,272	\$2,544,343
Add net income for the year	1,815,877	801,929
	4,862,149	3,346,272
Deduct dividends declared of 50¢ per share (1972 — 30¢ per share)	500,000	300,000
Balance, end of the year	\$4,362,149	\$3,046,272

(See accompanying notes to financial statements)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1973

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bullion on hand and in transit

Consistent with industry practice, the company has recorded as bullion revenue the estimated net realizable value of unsold bullion produced prior to the year-end.

Investments

The investment in Dome Petroleum Limited (see note 2) is accounted for using the equity method. Accordingly, the carrying value of this investment reflects the company's share of undistributed earnings since acquisition and the income statement reflects the company's equity in the earnings of Dome Petroleum Limited for the year.

Shares acquired as a result of development work are carried at nominal value, the only exception being with respect to shares of Panarctic Oils Ltd., acquired for development work which, because of underlying worth as indicated by the valuations placed on recent changes in ownership have, since January 1, 1973, been carried at the amount expended since that date.

Depreciation and amortization

Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method. Effective January 1, 1973 the company commenced to amortize the amounts still carried on the books for leasehold properties (using the same 15% straight-line rate as is employed to amortize buildings, machinery and equipment). This change had no significant effect on earnings.

Mine development and exploration expenditures

All mine development and exploration expenditures (including shaft sinking) are charged against income as incurred.

2. INVESTMENTS

The company's investments are comprised of the following:

	1973	1972		
	Number of Shares	Book Value	Par Value	Book Value
Affiliated company —				
Dome Petroleum Limited				
Shares	35,637	\$1,034,000		
5% subordinated income debentures, converted to shares in 1973			\$1,000,000	\$1,000,000
Other —				
Panarctic Oils Ltd., common shares, no par value (note 1) ..	47,691	26,067		
Sundry (note 1) ..		1		
		\$1,060,068		
				1
				\$1,000,001

Quoted market value of Dome Petroleum Limited \$1,274,000 in 1973; \$1,531,000 in 1972 (value of debentures in 1972 assumed to be market value of the shares that would have been received if the debentures had been converted).

On June 1, 1973 the company converted its interest-bearing investment in income debentures of Dome Petroleum into 35,637 shares (.32%) of that company. Following such conversion the company adopted the accounting policy of its parent company (Dome Mines Limited) and commenced to record this investment using the equity method of accounting. The carrying value of the investment in Dome Petroleum exceeded the underlying equity in net assets of Dome Petroleum by \$617,000 at June 1, 1973. This difference is being amortized to income (commencing June 1, 1973) over a period of years calculated by reference to Dome Petroleum's annual production in relation to estimated recoverable reserves.

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1973 is submitted for your consideration.

During the year 566,434 tons were hoisted, of which 521,006 tons were ore and 45,428 tons were waste.

The 521,006 tons of ore milled yielded bullion containing 78,203 ounces of gold, the average yield being 0.1501 ounces or 3.00 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight.

All production was sold on the free market. The average price realized on sales during the year was \$97.58 per ounce in Canadian dollars at the exchange rate in effect at the time of each sale. This compares with an average price per ounce of \$56.96 Canadian received in 1972.

MINING:

Broken ore totalling 406,790 tons remains in the stopes, an increase of 50,740 tons from the previous year.

Stoping operations were distributed between the 10th and the 35th levels.

Ore produced from cut-and-fill stopes amounted to 35.1% of the total stope production.

Waste returned to empty stopes as backfill amounted to 23,775 tons. In addition 95,294 tons of classified mill tailings were placed underground as hydraulic fill.

DEVELOPMENT:

Development work amounted to 11,710 feet and was distributed from the 5th to the 31st levels. Drifting and crosscutting was concentrated mainly on the extension of known dyke zones, the exploration of secondary dykes and steeply-dipping veins and access for stoping purposes. No new major ore zones were encountered during the year.

The shaft deepening program continued and at year-end station cutting on the bottom or 40th level station was in progress. This level is at a depth of 5,780 feet below surface elevation.

Diamond drilling totalling 45,540 feet was done in search of new ore and as a guide to mining.

The following table shows details of development and diamond drilling completed during the year:

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR THE YEAR 1973

Level	Shaft	Stations	Drifts	Crosscuts	Raises	Slash	Total	Diamond Drilling
Surface . . . . .		..	...	...	..	..	...	4,339
2nd . . . . .		..	..	..	..	..	..	1,894
5th . . . . .		..	319	702	..	49	1,070	..
10th . . . . .		..	..	41	..	..	41	346
11th . . . . .		..	368	..	85	38	491	1,750
12th . . . . .		..	..	49	91	35	175	5,469
13th . . . . .		..	396	161	..	40	597	1,902
14th . . . . .		..	1,347	140	..	81	1,568	1,907
15th . . . . .		..	..	..	160	15	175	..
16th . . . . .		..	..	..	..	..	..	2,536
17th . . . . .		..	476	..	..	..	476	3,664
18th . . . . .		..	459	271	339	99	1,168	881
19th . . . . .		..	..	114	53	37	204	2,552
20th . . . . .		..	1,034	430	..	64	1,528	847
21st . . . . .		..	71	..	..	5	76	6,726
22nd . . . . .		..	..	120	131	19	270	676
23rd . . . . .		..	184	..	..	..	184	211
24th . . . . .		..	18	..	475	11	504	294
25th . . . . .		..	220	..	..	23	243	2,421
27th . . . . .		..	..	..	179	..	179	1,130
28th . . . . .		..	1,101	..	87	61	1,249	471
29th . . . . .		..	197	71	..	23	291	..
31st . . . . .		..	383	40	223	39	685	3,968
38th		30	..	..	..	..	30	..
39th		36	..	..	..	..	36	1,556
40th		44	..	..	..	..	44	..
No. 3 Shaft	426	..	..	..	..	..	426	..
Totals	426	110	6,573	2,139	1,823	639	11,710	45,540

SIGMA MINES (QUEBEC) LIMITED

(NO PERSONAL LIABILITY)

ORE PRODUCTION:

The mine produced 521,006 tons of ore during the year which averaged 3.16 dwt. The stopes produced 505,841 tons averaging 3.20 dwt. and development work produced 15,165 tons averaging 1.82 dwt. This represents an increase of 1,453 tons from the 519,553 tons produced in 1972.

ORE RESERVES:

The ore reserves are estimated at 1,241,690 tons, an increase of 18,840 tons from the previous year. The reserves include 406,790 tons of broken ore.

A summary of ore reserves and total tonnage of ore extracted from stopes to the end of 1973 is as follows:

SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore in Place	Average Grade (Dwt. per Ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1973
Surface to 1st Level	5,000	8.11	....	30,918
1st Level to 2nd Level . . . . .	....	....	....	493,191
2nd Level to 3rd Level . . . . .	....	....	....	1,021,610
3rd Level to 4th Level . . . . .	....	....	....	963,214
4th Level to 5th Level . . . . .	....	....	....	813,543
5th Level to 6th Level . . . . .	....	....	....	790,696
6th Level to 7th Level . . . . .	....	....	....	737,190
7th Level to 8th Level	2,000	4.38	....	835,740
8th Level to 9th Level . . . . .	....	....	....	729,433
9th Level to 10th Level	16,600	4.05	50	496,362
10th Level to 11th Level	15,000	4.31	480	527,986
11th Level to 12th Level	3,600	3.08	102,040	814,837
12th Level to 13th Level	13,600	4.31	25,700	569,962
13th Level to 14th Level	68,900	5.11	9,510	277,916
14th Level to 15th Level	54,000	5.47	180	390,862
15th Level to 16th Level	3,600	3.78	....	616,443
16th Level to 17th Level	10,800	3.75	1,960	608,958
17th Level to 18th Level	69,100	4.81	122,200	701,043
18th Level to 19th Level	41,900	3.84	8,390	308,124
19th Level to 20th Level	14,600	3.92	93,330	373,525
20th Level to 21st Level	30,700	3.79	830	81,443
21st Level to 22nd Level	40,600	4.36	21,030	218,901
22nd Level to 23rd Level	59,600	4.24	2,070	330,940
23rd Level to 24th Level	25,100	4.01	7,120	297,189
24th Level to 25th Level	18,900	4.40	610	34,220
25th Level to 26th Level	18,500	3.76	9,210	47,708
26th Level to 27th Level	54,400	3.93	120	28,815
27th Level to 28th Level	39,800	4.26	400	24,674
28th Level to 29th Level	38,300	4.75	210	35,500
29th Level to 30th Level	24,700	4.47	....	37,203
30th Level to 31st Level	34,200	6.22	....	....
31st Level to 32nd Level	13,600	4.47	....	....
32nd Level to 33rd Level	23,000	3.96	800	13,001
33rd Level to 34th Level	27,300	4.45	390	16,474
34th Level to 35th Level	18,700	4.39	160	20,358
35th Level to 36th Level	48,800	4.02	....	19,738
	834,900	4.40	406,790	13,307,717

MILL:

The following are the results of milling operations for the year 1973:

Average daily tons milled	1,427
Tons of ore treated	521,006
Average grade of ore treated	3.16 dwt. per ton
Recovery	3.00 dwt. per ton
Recovery percentage	94.96%

SIGMA MINES (QUEBEC) LIMITED

(NO PERSONAL LIABILITY)

COSTS:

The expenditure on mining was \$3,149,371 or \$6.04 per ton milled.

The expenditure on development (including shaft sinking) was \$904,141 or \$1.74 per ton milled.

The expenditure on milling was \$786,148 or \$1.51 per ton milled.

The operating costs including refining, handling and sales expenses were \$10.16 per ton milled as compared with \$7.70 for the previous year.

CAPITAL EXPENDITURES:

Net capital expenditures for the year totalled \$45,874. The main expenditures were for No. 3 shaft services, underground rolling stock, spare parts for the mill, explosives magazine, lime storage, and office equipment.

The details of changes in the plant and equipment are as follows:

Additions:

Mine equipment	\$ 13,176
Mill equipment	17,915
Surface equipment	16,264
	<hr/>
	\$ 47,355
Less net book value of retirements	1,481
Net increase	<hr/> <hr/> \$ 45,874

EXPLORATION:

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 10% interest in those projects which originated before January 1st, 1969 and a 6% interest in the substantially increased exploration campaign which started on January 1st, 1969.

Quebec:

A participation in eleven major projects involving 363 line-miles of geophysical surveys and 49 drill holes. A participation in three exploration programs based on airborne geophysical surveys released by the Quebec Department of Natural Resources. One of these programs, now completed, involved 16 drill holes. Exploration on the other two projects will continue in 1974.

A participation in an underground program to prepare the "O" zone at Clinton Copper Mines Ltd. for mining.

Ontario:

A participation in drilling programs, involving 48 drill holes on five airborne geophysical projects. Further drilling on two of these will be carried out in 1974.

A participation in exploration of two large claim groups in a heavily drift-covered rhyolite belt. This will lead to an intensive exploration program in 1974.

A participation in the exploration of three optioned gold prospects. A seven-hole drilling program was completed on one of these and drilling will be carried out on the other two during 1974.

A participation in a prospecting program which resulted in the discovery of a zone of copper mineralization which will be explored in detail in 1974.

A participation in two joint ventures in Ontario, with outside partners. One of these involved regional geochemical sampling. The other consisted of a deep overburden geochemical sampling program.

Manitoba:

A participation in the acquisition and exploration of 342 claims on a gold prospect in Manitoba.

Western Canada:

A participation with outside partners in nine joint ventures in British Columbia, three of which are major continuing programs which will involve drilling programs in 1974. As well, three of the smaller joint ventures will continue in 1974.

Alaska:

A participation with outside partners in a continuing regional exploration program in Alaska. Various specific projects will be explored in more detail in 1974.

General:

A participation in an international consortium to investigate methods of mining metal-bearing nodules from the deep-ocean floor.

A participation in prospecting ventures in various parts of Canada.

SIGMA MINES (QUEBEC) LIMITED

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GENERAL:

Productivity in 1973 was unchanged from 1972 at 9.7 tons per manshift for the mine department and 5.5 tons per manshift for the complete operation. Labour supply continued stable throughout the year.

Costs were adversely affected by wage increases and rapidly increasing costs of supplies. These, however, were more than offset by the greatly increased revenue resulting from higher sale prices for gold bullion. As in 1972, these prices permitted the profitable mining of lower grade zones and this is reflected in the lower average grade milled. This grade was decreased by 8% to 3.16 dwt. per ton from the average 3.44 dwt. per ton milled in 1972.

Ore reserves showed a small increase due to an increase in broken tonnage remaining in stopes. However, ore in place again showed a decrease. This reflects the gradual completion of development of major ore zones above the 36th level. It is hoped that this trend of recent years will be reversed with the commencement of development on the new lower levels following the completion of shaft deepening.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries paid and distribution of taxes.

In conclusion, my sincere thanks and appreciation are extended to Mr. Gordon Michaelson, General Superintendent, to the heads of the various departments and to all members of the operating staff for their efficiency and loyalty.

Yours faithfully,

MALCOLM A. TASCHEREAU,

General Manager.

Val d'Or, Quebec,
February 22, 1974.

Sigma Mines (Quebec) Limited

(No Personal Liability)

Total supplies and services	\$2,216,714
Total amount of wages and salaries	3,192,185
Income taxes	833,000
Provincial and Municipal taxes	288,705

PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Ajax	Kirkland Lake	Sault Ste. Marie
Arnprior	Kitchener	Scarborough
Balmertown	La Salle	Senneterre
Bramalea	McMasterville	Sorel
Burlington	Malartic	South Porcupine
Brampton	Mississauga	St. Catharines
Cooksville	Montreal	Sudbury
Don Mills	New Liskeard	Sullivan
Downsview	Niagara Falls	Swastika
Dundas	Noranda	Thornbury
Elliot Lake	North Bay	Thornhill
Englehart	Orillia	Thunder Bay
Estevan	Oshawa	Timmins
Fort Erie	Ottawa	Toronto
Galt	Owen Sound	Val d'Or
Gananoque	Pointe Claire	Welland
Guelph	Quebec	Weston
Haileybury	Rexdale	Winnipeg
Hamilton	Rouyn	

NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Individuals
Quebec	12	180
Ontario	42	142
Manitoba	1	1
Saskatchewan	1	1
United States of America	5	5
	61	329

FIVE YEAR REVIEW

	1973	1972	1971	1970	1969
Production:					
Tons milled (in thousands)	521	520	510	511	491
Fine ounces (in thousands)	78	86	90	89	85
Recovery value per ton	\$ 15.61	\$ 9.72	\$ 6.48	\$ 6.44	\$ 6.58
Number of employees at year end	371	366	364	409	463
Financial (in thousands; except per share):					
Bullion revenue	\$ 8,131	\$ 5,051	\$ 3,306	\$ 3,289	\$ 3,230
Operating expenses	5,624	4,163	3,774	3,990	3,919
Reduce emergency gold mining assistance			633	912	873
	5,624	4,163	3,141	3,078	3,046
Operating profit	2,507	888	165	211	184
Interest income from affiliate	21	50	50	50	50
Other income	188	103	74	72	103
	2,716	1,041	289	333	337
Deduct outside exploration expenses	101	82	62	68	54
	2,615	959	227	265	283
Provision for income taxes (recoverable)	833	284			(48)
	1,782	675	227	265	331
Equity in earnings of affiliate	34				
Income before extraordinary item	1,816	675	227	265	331
Extraordinary item		127			
Net income	\$ 1,816	\$ 802	\$ 227	\$ 265	\$ 331
Dividends declared	\$ 500	\$ 300	\$ 200	\$ 200	\$ 300
Net income per share	\$ 1.82	\$ 0.80	\$ 0.23	\$ 0.26	\$ 0.33
Dividends per share	\$ 0.50	\$ 0.30	\$ 0.20	\$ 0.20	\$ 0.30
Working capital at year end	\$ 4,031	\$ 2,733	\$ 2,184	\$ 2,121	\$ 1,997
Total shareholders' equity at year end	\$ 5,362	\$ 4,046	\$ 3,544	\$ 3,418	\$ 3,453
Total assets at year end	\$ 7,025	\$ 4,694	\$ 3,940	\$ 3,913	\$ 3,859
Number of shareholders at year end	488	536	600	622	629

